

**Statement of John M. Magill  
Deputy Director, Ohio Department of Development  
To  
The Subcommittee on Federalism and the Census  
Of the Committee on Government Reform  
Of the  
U.S. House of Representatives**

**“Brownfields and the Fifty States: Are State Incentive Programs  
Capable of Solving America’s Brownfield Problem?”**

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Good morning Mr. Chairman and members of the Subcommittee, I am John Magill, Director of the Office of Urban Development and on behalf of Governor Bob Taft and Lt. Governor Bruce Johnson, Director of the Ohio Department of Development; I thank you for the opportunity to highlight Ohio’s initiatives in brownfield finance and opportunities for federal, state and private market collaborations.

Over the past five years, the State of Ohio has developed one of the nation’s best brownfield programs, the \$200 million Clean Ohio Revitalization Fund. The program, funded by bonds approved by Ohio voters in November 2000, is serving as a catalyst for the redevelopment of brownfields.

Since 2002, Ohio has granted \$97 million to 94 projects for cleanup and assessment activities. These 94 grants are expected to leverage more than \$731 million in new investment.

I think it is important to note that Ohio’s successful strategy was developed from a task force formed to address the challenges facing the inner core of our cities. Brownfield redevelopment was the number one issue identified by communities during this process.

Ohio’s two goals for investing funds into brownfield projects are economic benefit and environmental improvement. We also realize that brownfields are most likely to be

successfully converted to a new use through the free market and decision-making at the local level. The results are new productive land uses including, among other things: supermarkets, housing, and commercial space.

The city of Dayton received over \$5 million to conduct demolition and remediation activities at the former GHR Foundry and Delphi Harrison properties. Select Tool International hopes to expand onto a portion of the GHR site, while the remediated Delphi property will be the western boundary of a new downtown technology campus.

On the opposite end of the state is Dave's Supermarket located in East Akron. The city received a \$2.8 million grant for cleanup, which they used to leverage an additional \$10 million for development of a shopping plaza. Dave's Supermarket opened in October 2004, creating more than 100 new jobs and is leading to additional development around the property, located in one of the poorest sections of the city. Likewise, through a \$3 million award in 2004, the city of Cleveland was able to leverage \$8 million in private and public funds to clean up a contaminated site, allowing local manufacturer Presrite to expand and create 50 new manufacturing jobs.

Brownfield successes can change an urban real estate market by attracting private capital. The acquisition, cleanup and demolition activities at AC Humko, a former Columbus margarine factory, totaled more than \$7.5 million funded in part by a \$3 million Clean Ohio grant. Estimated private investment in the final development will exceed \$50 million for market rate housing now under construction.

And, in Cincinnati, the Polk Building is being renovated into market rate apartments ready for occupancy in November. Asbestos contamination made the private sector reluctant to invest

in the project. But, a \$650,000 Clean Ohio grant to abate the asbestos triggered \$35 million in private investment to renovate the building.

In active markets, brownfield reinvestment is more likely to occur at a lower public cost and with greater likelihood of success. Public policy is able in a variety of ways to affect the vibrancy of the brownfield market. In the 108<sup>th</sup> Congress Representative Turner in H.R. 4480 "proposed to allow taxpayers a credit against income tax for expenditures to remediate contaminated sites." Ohio believes tax credits like this can be a tool to attract additional private sector investment by enabling developers to offset costs by using or assigning the credit. That's why we encourage Congress to continue to explore additional flexible brownfield financing tools, which are performance, based enabling local citizens to see tangible results.

A combination of private, and public resources leads to projects with an economic and environmental return. In Ohio, we are fortunate to be able to support projects with both state and federal resources. For example, my office administers a USEPA Brownfield Revolving Loan Fund (BRLF). To date, we have made two BRLF loans with two more expected to close this fall. I'd like to acknowledge the staff of the USEPA for their support and flexibility to meet the needs of borrowers.

Access to additional sources of federal dollars through the tax credits or increased resources at USEPA are crucial to stretching state funding to undertake local projects. I encourage you to look at these and other tools as you continue your work. On behalf of the State of Ohio and ODOD, I thank you for your time and effort to identify new ways to combine state and federal resources to energize brownfield redevelopment.